

October 25, 2013

To: Executive Board

Subject: **September 2013 Financial Statements and Investment Summary**

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**Recommendation**

Receive and file the September Financial Statements and Investment Summary for Fiscal Year 2014.

**Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fiscal year ending June 30, 2014.

Foothill Transit's cash position of \$61.1 million is \$4.9 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include \$392,000 of capital expenditures exceeding capital revenues in September, a \$1.7 million increase in amounts due from other governments, a \$3.7 million decrease in accounts payable. Sources of cash include a \$949,360 decrease in other receivables and others assets.

September 2013 year-to-date fare revenues were \$4.7 million, which is \$11,600 more than the budgeted amount. The September 2013 year-to-date revenue is just under \$8,900 (0.2 percent) less than the September 2012 year-to-date revenue. The slight variation is showing the actual revenue is tracking closely with the revenue projected for the fiscal year. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs through September were \$15.7 million, which is \$2.68 million less than the budget. These costs are \$490,200 or about three percent more than in fiscal year 2013 through September 2012. The variance is mainly due to increase in the operations and maintenance costs and fuel costs which are still below budgeted amounts. Foothill Transit had sufficient funds to meet all of its obligations.

## **Balance Sheet Analysis (Attachment A):**

### Assets

The balance sheet as of September 31, 2013 shows total assets at \$228.2 million. This total consists primarily of \$146.4 million in fixed assets and \$61.1 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$14.9 million in non-interest bearing accounts held with Bank of the West; \$21.5 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.99 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills. The current interest rates on these accounts are included on Attachment A.

### Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of September 2013 was 0.24 percent; the same as the previous month's rate. While the Wells Fargo CDARS are averaging at 0.367% and Bank of the West CDARS rate of return is at .070%. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost five years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

### Liabilities

The accounts payable balance is \$2.39 million. The amounts payable include \$479,000 Pass consignment from Metro and Metrolink, fuel costs of \$1 million; Monrovia Dial-A-Ride service of \$55,000 and \$560,646 for capital projects.

## **Operating Revenue and Expense Analysis (Attachment C):**

### Fare Revenue

September 2013 year-to-date fare revenues were \$4.7 million as stated earlier, this number is \$11,600 or 0.25 percent more than the budget. The September year-to-date revenues are \$1,825,276 more than the previous month. Usually these numbers are higher than the previous months, July and August because of the EZ Transit Pass annual revenue adjustment of \$283,000 at this time of the year.

Revenues are tracking very close to prior year amounts indicating stable ridership.

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State and Local Funding Subsidies of \$14.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 1.43 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

Operating expenses through September 2013 were \$15.7 million, compared with the year-to-date budget of \$18.4 million. This difference of approximately \$2.7 million resulted in a 14.5 percent favorable variance. As stated earlier, this was mainly due to the savings on operating and maintenance, fuel and administrative costs.

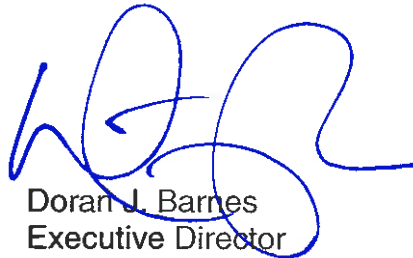
Farebox Recovery Ratio

The September year-to-date farebox recovery ratio was 29.9 percent; approximately 4.0 percent higher than the performance target of 25.83 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$4,711,589 by the total operating expense figure of \$15,754,032. This ratio is about 2.4 percent higher than the September 2012 figure of 27.51 percent.

Sincerely,



Gil Victorio  
Interim Finance Director



Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of September 30, 2013

**Assets**

## Current Assets:

Cash	\$ 37,019,754
Investments	24,084,370
Due from government agencies	16,175,694
Other receivables	1,972,402
Other assets	2,541,371

Total Current Assets	81,793,592
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Property & Equipment (net of depreciation)	146,417,602
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Total Assets	\$ 228,211,194
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**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 2,388,049
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Deferred Revenue	51,121,910
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Total Liabilities	53,509,959
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**Equity**

## Fund Balance:

Investment in Capital Assets	146,417,602
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Current Year Change	2,900,691
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Surplus	25,382,942
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Total Equity	174,701,235
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Total Liabilities and Equity	\$ 228,211,194
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**Summary of Cash and  
Investment Account  
For September 30, 2013**

	Interest Rate	Term	Principal Amount/Book Value	Market Value
<b>Cash:</b>				
Bank of the West-Reg. Checking	N/A	Demand Deposit	3,901,258	3,901,258
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.240%	Demand Deposit	7,017,178	7,017,178
Bank of the West-Money Market	0.240%	Demand Deposit	4,920,681	4,920,681
Bank of the West-Money Market	0.240%	Demand Deposit	9,560,411	9,560,411
Bank of the West-CTAF <sup>3</sup> Fund	0.090%	Demand Deposit	655,298	655,298
Subtotal Cash on Hand			<u>37,019,754</u>	<u>37,019,754</u>
<b>Unrestricted Investments:</b>				
Chase Business Saving	0.150%	Demand Deposit	5,049,462	5,049,462
Bank of the West-CDARS	0.070%	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.367%	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.240%	Demand Deposit	10,048,930	10,048,930
Subtotal Unrestricted Investments			<u>24,084,370</u>	<u>24,084,370</u>
Total Cash and Investments			<u><u>61,104,124</u></u>	<u><u>61,104,124</u></u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

**Foothill Transit**  
**Statement of Revenue and Expense**  
**For Month Ended September 30, 2013**

	Actual September-13	Budget September -13	Variance Favorable (Unfavorable)	Actual September - 12
<b>Operating Revenue</b>				
Farebox	\$2,609,505	\$2,775,000	(5.96%)	\$2,667,734
Pass Sales	779,280	775,000	0.55%	770,370
TAP Cash Purse	627,660	550,000	14.12%	543,279
MetroLink & Access Service	135,398	125,000	8.32%	86,617
EZ Transit Pass	559,746	475,000	17.84%	652,467
<b>Total Operating Revenue</b>	<b>4,711,589</b>	<b>4,700,000</b>	<b>0.25%</b>	<b>4,720,467</b>
<b>Non-Operating Revenue</b>				
Transportation Development Act	5,207,478	4,628,400	12.51%	4,360,311
STA	978,318	978,325	(0.00%)	1,015,014
Prop A 40% Discretionary	3,370,989	3,371,000	(0.00%)	3,256,568
Prop A 40% BSCP	1,074,819	1,074,675	0.01%	979,690
Prop C BSIP	215,118	215,000	0.05%	211,107
Prop C Base Restructuring	462,051	462,000	0.01%	453,434
Prop C Transit Service Expansion	76,998	77,000	(0.00%)	75,561
Prop C-40%Discretionary/BSCP				
Transit Security-Operating	197,661	197,650	0.01%	177,149
Measure R Operating	2,338,026	2,338,025	0.00%	1,971,577
FTA Sec 5307 Operating				
CMAQ Operating		250,000	(100.00%)	
Gain on Sale of Fixed Assets				
Auxiliary Revenue	300,879	375,000	(19.77%)	374,795
<b>Total Non-Operating Revenue</b>	<b>14,222,337</b>	<b>13,967,075</b>	<b>1.83%</b>	<b>12,875,206</b>
<b>Total Revenue</b>	<b>18,933,925</b>	<b>18,667,075</b>	<b>1.43%</b>	<b>17,595,673</b>
<b>Available Capital Funding</b>				
Capital Grants	2,240,710			2,368,212
Other				
<b>Total Revenue and Capital Funding</b>	<b>21,174,635</b>	<b>18,667,075</b>		<b>19,963,885</b>
<b>OPERATING EXPENSES</b>				
Operations	13,402,498	14,696,904	8.81%	13,037,480
Maintenance & Vehicle Technology	128,723	220,305	41.57%	
Marketing and Communications	314,464	500,091	37.12%	290,222
Information Technology	274,341	512,280	46.45%	278,499
Administration	522,602	502,017	(4.10%)	369,496
Procurement	82,162	224,133	63.34%	103,079
Sales and Service	505,501	468,711	(7.85%)	439,509
Finance	171,225	334,577	48.82%	318,126
Safety and Security	76,021	257,658	70.50%	142,232
Planning	141,927	492,786	71.20%	130,551
Building Management & location 61	134,570	220,129	38.87%	154,599
<b>Total Operating Expenses</b>	<b>15,754,032</b>	<b>18,429,591</b>	<b>14.52%</b>	<b>15,263,793</b>
<b>Capital and Other Expenses</b>				
Capital	2,319,916		N/A	2,384,495
Interest			N/A	
Dial-A-Ride	172,153		N/A	178,433
Special Services	27,843		N/A	30,350
Other Misc. expense			N/A	450
<b>Total Capital and Other Expenditures</b>	<b>2,519,912</b>		<b>N/A</b>	<b>2,593,728</b>
<b>Increase (Decrease) of Revenues Over Expenditures</b>	<b>\$ 2,900,691</b>			<b>\$ 2,106,364</b>